

CONFLICT OF INTEREST CODE BIENNIAL REVIEW
Amending & Restating the Eighth Amended Conflict of Interest Code

TO: Board of Directors
September 13, 2004

FROM: Michael Covert, President and CEO

BY: Christine Meaney for Jim Neal, Compliance Officer

BACKGROUND: Section 87306.5 of the Government Code requires Palomar Pomerado Health to review and revise, as necessary, its Conflict of Interest Code every two years. Pursuant to this directive we have reviewed our Code with our attorneys and recommend that the Board adopt the suggested changes to the Code as shown by the redline version of the revised Code with which you have been provided.

An overview of revisions to the District's Conflict of Interest Code is as follows:

1. The language regarding monetary thresholds in Section III.F.1.a(4) and Section III.F.2.b have been included pursuant to the Government Code Sections 87206.d and 87207(2).
2. The threshold provided in Section III.F.2 has been raised to \$500 pursuant to changes to Government Code Section 87207(a)(1);
3. The gift threshold provided in Sections III.H and III.L.1.e. has been raised to \$340 pursuant to changes to 2CCR Section 18703.4
4. Appendix 1 reflects the current list of designated employees required to disclose economic interests.

This updated version will be sent to the San Diego County Board of Supervisors as required by October 1, 2004.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Action

RECOMMENDATION:

Motion:

Individual Action: X

Information:

Resolution No. 09.13.04(01)-10
RESOLUTION OF THE BOARD OF DIRECTORS
OF PALOMAR POMERADO HEALTH
AMENDING AND RESTATING THE EIGHTH AMENDED
CONFLICT OF INTEREST CODE

WHEREAS, Palomar Pomerado Health ("PPH"), a California local health care district, has previously adopted a Conflict of Interest Code ("Code") in accordance with California Government Code Section 87100 *et seq.* and those regulations related thereto; and

WHEREAS, PPH has performed its Biennial Review of the Code consistent with the requirements of Section 87306 of the California Government Code; and

WHEREAS, PPH now desires to amend the Code to ensure that it is consistent with changes to California laws and regulations which have occurred since the Code was last amended, as well as to make other improvements upon the advice of legal counsel; and

WHEREAS, the list of Designated Employees in the Code requires updating.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of PPH that:

1. Pursuant to Government Code Section 87100, the Code attached hereto as Exhibit "A", which revises the existing Code, is hereby adopted and promulgated as the Conflict of Interest Code for PPH.
2. The Secretary is hereby directed and authorized to cause to be submitted a certified copy of the revised Code to the Clerk of the Board of Supervisors.
3. The revised Code attached hereto shall become effective immediately upon its final approval by the Board of Supervisors as PPH's Code-reviewing body.

APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Palomar Pomerado Health held on September 13, 2004, by the following vote:

AYES: Bassett, Berger, Kleiter, Krider, Larson, Scofield

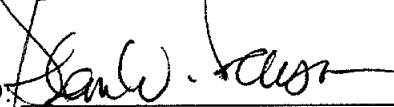
NOES: None

ABSENT: Rivera

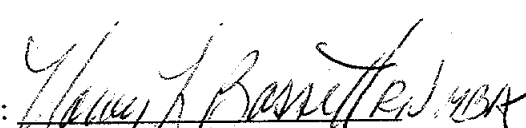
ABSTAINING: None

DATED: September 13, 2004

APPROVED:


Alan W. Larson, M.D.
Chairperson, Board of Directors

ATTESTED:


Nancy L. Bassett RN, MBA
Secretary, Board of Directors

NINTH AMENDED AND RESTATED
CONFLICT OF INTEREST CODE
OF PALOMAR POMERADO HEALTH

I. Purpose

Pursuant to the Political Reform Act, Government Code Sections 87100 *et seq.* and its implementing regulations at Title 2 of the California Code of Regulations Sections 18100 *et seq.* (collectively, the "PRA"), Palomar Pomerado Health (the "District") hereby adopts the following Conflict of Interest Code (this "Code"). Nothing contained herein is intended to modify or abridge the provisions of the PRA; the provisions of this Code are additional to those found in the PRA and any other applicable laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of the PRA and any amendments thereto are incorporated herein and this Code shall be interpreted in a manner consistent therewith.

II. Definitions

A. Investment:

Any financial interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership or other ownership interest owned directly, indirectly or beneficially by the Official (as defined below), or his or her immediate family, if the business entity or any parent, subsidiary or otherwise related business entity has an interest in real property in the jurisdiction, or does business or plans to do business in the jurisdiction, or has done business within the jurisdiction at any time during the two years prior to the time any Statement or other action is required under the PRA. No asset shall be deemed an investment unless its fair market value exceeds Two Thousand Dollars (\$2,000). The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, interest in a diversified mutual fund registered with the Securities and Exchange Commission under the Investment Company Act of 1940 or a common trust fund which is created pursuant to Section 1564 of the Financial Code, or any bond or other debt instrument issued by any government or government agency. Investments include a pro rata share of investments of any business entity, mutual fund or trust in which the Official (as defined below) or his or her family owns, directly, indirectly or beneficially, a ten percent (10%) interest or greater.

B. Interest

Interest in real property" includes any leasehold, beneficial or ownership interest or an option to acquire such an interest in real property located in the jurisdiction owned directly, indirectly or beneficially by the public official or other filer, or his or her immediate family) if the fair market value of the interest is one thousand dollars (\$1,000) or more. Interests in real property of an individual includes a pro rata share of interests in real property of any business entity or trust in which the individual or immediate family owns, directly, indirectly or beneficially, a ten percent interest or greater. Jurisdiction includes property within two miles outside the boundaries of the District or within two miles of any land owned or used by the District.

C. Income

1. Income means, except as provided in subsection (2) hereof a payment received, including but not limited to any salary, wage, advance, dividend interest, rent, proceeds from any sale, gift,

including any gift of food or beverage, loan, forgiveness or payment or indebtedness received by the filer, reimbursement for expenses, per diem. or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in income of a spouse. Income also includes an outstanding loan income also includes a pro rated share of any income of any business entity or trust in which the Official (as defined below) or spouse owns, directly, indirectly or beneficially, a ten percent (10%) interest or greater, "Income," other than a gift. does not include income received from any source outside the Jurisdiction and not doing business within the jurisdiction, not planning to do business within the jurisdiction, or not having done business within the jurisdiction during the two years prior to the time any Statement or other action is required under the PRA.

2. Income does not include:

- a. Campaign contributions required to be reported under Chapter 4 of the PRA;
- b. Salary and reimbursement for expenses or per diem received from a state or local government agency and reimbursement for travel expenses and per diem received from a bona fide nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;
- c. Any devise or inheritance;
- d. Interest, dividends or premiums on a time or demand deposit in a financial institution, shares in a credit union or any insurance policy, payments received under any insurance policy, or any bond or other debt instrument issued by any government or government agency;
- e. Dividends, interest or any other return on a security which is registered with the Securities and Exchange Commission of the United States government or a commodity future registered with the Commodity Futures Trading Commission of the United States government, except proceeds from the sale of these securities and commodities future;
- f. Redemption of a mutual fund;
- g. Alimony or child support payments;
- h. Any loan or loans from a commercial lending institution 'Which are made in the lender's regular course of business on terms available to members of the public without regard to official status if:
 - (1) The loan is secured by the principal residence or filer: or
 - (2) The balance owed does not exceed Ten Thousand Dollars (\$10,000).
- i. Any loan from or payments received on a loan made to an individual's spouse, child, parent, grandparent, grandchild, brother sister. parent-in-law; brother-in-law, sister-in-law, nephew, niece, uncle, aunt or first cousin, or the spouse of any such person provided that a loan or a loan payment received, from any such person shall be considered income if he or she is acting as an agent or intermediary for any person not covered by this paragraph.

- j. Any indebtedness created as part of a retail installment or credit card transaction if made in the lender's regular course of business on terms available to members of the public without regard to official status, so long as the balance owed to the creditor does not exceed Ten Thousand Dollars (\$10,000).
- k. Payments received under a defined benefit pension plan qualified under Internal Revenue Code Section 401(a).
- l. Proceeds from the sale of securities registered with the Securities and Exchange Commission of the United States government if the filer sells the securities or the commodities futures on a stock or commodities exchange and does not know or have reason to know the identity of the purchaser.

D. Business Position

Business position means any business entity in which the Official (as defined below) holds any position of management, if the business entity or any parent, subsidiary or otherwise related business entity has an interest in real property in the Jurisdiction, or does business or plans to do business in the jurisdiction or has done business in the jurisdiction at any time during the two years prior to the date the Statement of Interest is required to be filed.

E. Official

Includes every PPH director, officer, employee and Consultant and Candidate (as defined herein), including but not limited to members of the District's Board of Directors ("Board"), those employees identified in Appendix 1 hereto and District management personnel.

F. Statement of Economic Interests

The then current Form 700 Statement of Economic Interests provided by the California Fair Political Practices Commission.

G. Consultant

Includes any individual who, pursuant to a contract with the District, makes a District decision, including any decision that would be made by an Official in the absence of the Consultant's contract with the District.

III. Text / Standards Of Practice

A. DISCLOSURE CATEGORIES.

All Board members, candidates who have officially declared their intention to stand for election to the Board ("Candidates"), designated employees and any other persons and Officials designated under the PRA must disclose their material financial interests, including completion and submission of a Statement of Economic Interests.

B. STATEMENTS OF ECONOMIC INTERESTS: PLACE OF FILING:

All designated employees required to submit a Statement of economic interests shall file the original with the Chief Executive Officer or designee, The District Chief Executive Officer or designee shall make and retain a copy and forward the original to the San Diego County Board of Supervisors.

C. STATEMENTS OF ECONOMIC INTERESTS: TIME OF FILING:

1. Initial Statements. All Officials employed by the District on the effective date of this Code as originally adopted, promulgated and approved by the San Diego County Board of Supervisors, shall file Statements within 30 days after the effective date of this Code. Thereafter, each person already in a position when he or she is designated by an amendment to this Code shall file an initial Statement within 30 days after the effective date of the amendment.
2. Assuming Office Statements. All Officials assuming designated positions after the effective date of this Code shall file Statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation. 30 days after being nominated or appointed. During this same 30 day period, and prior to filing such Statements, all such persons shall attend an information session presented by the District which describes the contents and requirements of this Code and discusses the potential disqualifications applicable to the individual at issue.
3. Annual Statements. All designated employees shall file Statements no later than April 1 of each year.
4. Leaving Office Statements. Every Official who leaves a designated position shall file a Statement within 30 days after leaving his or her position.
5. Candidate Statements. Every Candidate shall file a Statement of Economic Interests within 10 days after the effective date of his or her candidacy as determined by applicable election laws.

D. STATEMENTS FOR PERSONS WHO RESIGN PRIOR TO ASSUMING OFFICE:

1. Any Official who resigns within 12 months of initial appointment or election, or within 30 days of the date of notice provided by the filing officer to file an assuming office Statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office Statement.
2. Any Official who resigns a position within 30 days of the date of notice from the filing officer shall do both of the following:
 - a. File a written resignation with the appointment power;

- b. File a written Statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the District or receive, or become entitled to receive, any form of payment by virtue of being appointed or elected to the position.

E. CONTENTS OF AND PERIOD COVERED BY STATEMENTS OF ECONOMIC INTERESTS:

1. Contents of Initial Statements. Initial Statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the Code and income received during the 12 months prior to the effective date of the Code.
2. Contents of Assuming Office Statements. Assuming office Statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.
3. Contents of Annual Statements. Annual Statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an Official's first annual Statement shall begin on the effective date of this Code or the date of assuming office, whichever is later.
4. Content of Leaving Office Statements. Leaving office Statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last Statement filed and the date of leaving office.
5. Contents of Candidate Statements. Candidate Statements shall disclose such interests as are reportable under an assuming office Statement as described above.

F. MANNER OF REPORTING:

1. Statements of economic interests shall contain at least the following information:
 - a. Investment and Real Property Disclosure. When an investment or an interest in real property is required to be reported the Statement shall contain at least the following.
 - (1) A Statement of the nature of the investment or interest;
 - (2) The name of (he business entity in which each investment is held and a general description of the business activity in which the business entity is engaged.
 - (3) The address or other precise location of the real property;
 - (4) A Statement whether the fair market value of the investment or interest in real property exceeds Two Thousand Dollars (\$2,000) but does not exceed Ten Thousand Dollars (\$10,000), whether it exceeds Ten Thousand Dollars (\$10,000) but does not exceed One Hundred Thousand Dollars (\$100,000), whether it exceeds One Hundred

Thousand Dollars (\$100,000) but does not exceed One Million Dollars (\$1,000,000), or whether it exceeds One Million Dollars (\$1,000,000).

2. Personal Income Disclosure. When personal income is required to be reported, the Statement shall contain:
 - a. The name and address of each source of income aggregating Two Hundred Fifty Dollars (\$500) or more in value, or Fifty Dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source.
 - b. A Statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was at least Five Hundred Dollars (\$500) but did not exceed One Thousand Dollars (\$1,000), whether it was in excess of One Thousand Dollars (\$1,000), but was not greater than Ten Thousand Dollars (\$10,000), whether it was greater than Ten Thousand Dollars (\$10,000), but was not greater than One Hundred Thousand Dollars (\$100,000), or whether it was greater than One Hundred Thousand Dollars (\$100,000);
 - c. A description of the consideration, if any, for which the income was received;
 - d. In the case of a gift. The name, address and business activity of the donor and any intermediary through which the gift was made, a description of the gift, the amount or value of the gift, and the date on which the gift was received;
 - e. In the case of a loan: The annual interest rate and the security, if any, given for the loan and the term of the loan.
2. Business Entity Income Disclosure: When income of a business entity, including income of a sole proprietorship, is required to be reported," the Statement shall contain:
 - a. The name, address, and a general description of the business activity of the business entity;
 - b. The name of every person from whom the business entity received payments if the Official's pro rata share of gross receipts from such person was equal to or greater than Ten Thousand Dollars (\$10,000).
3. Business Position Disclosure: When business positions are required to be reported the Official shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds an position of management, a description of [he business activity in which the business entity is engaged, and the designated Official 's position with the business entity.

4. Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office Statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the Statement of Economic Interest, the Statement shall contain the date of acquisition or disposal.
5. Update of Information. Officials shall have an ongoing obligation to update information included in their respective Statements of Economic Interests. Any change in fact or circumstance which alters or affects the information reported in the most recently filed Statement of Economic Interests shall be reported in writing to the CEO within 30 days of such change in fact or circumstance. Notwithstanding the foregoing, Board members shall submit such written reports to the CEO within 30 days of the change in fact or circumstance or five days prior to the next Board meeting after such change, whichever occurs sooner.

G. PROHIBITION ON RECEIPT OF HONORARIA:

1. No Official shall accept any honorarium from any source if he or she would be required to report such honorarium on his or her Statement of Economic Interests. Subdivisions (a), (b) and (c) of Government Code Section 89501 shall apply to the prohibitions in this section. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code Section 89506.

H. PROHIBITION ON RECEIPT OF GIFTS IN EXCESS OF \$340

1. No Official shall accept gifts with a total value of more than \$340 in a calendar year from any single source if the Official would be required to report the receipt of gift on his or her Statement of Economic Interests. Subdivisions (e), (f) and (g) of Government Code Section 89503 shall apply to the prohibitions in this Section.

I. LOANS TO OFFICIALS:

1. No Official shall, from the date of his or her election, appointment or hire through the date that he or she vacates office or terminates his or her employment, receive any personal loan from any officer, employee, member, or consultant of the state or local government agency in which the Official holds office or over which the District has direction and control.
2. No Official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office or employment, receive a personal loan from any officer, employee, member, or consultant of the State or local government agency in which the Official holds office or over which District has direction and control. This subdivision shall not apply to loans made to an Official whose duties are solely secretarial, clerical, or manual.
3. No Official shall, from the date of his or her election or appointment to office or hire through the date that he or she vacates office or terminates employment, receive a personal loan from any person who has a contract with the state or local government agency to which that Official

has been elected or over which the District has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to official status.

4. No Official who is exempt from the state civil services system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office or employment, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which PPH has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to official status. This subdivision shall not apply to loans made to an Official whose duties are solely secretarial, clerical, or manual.
5. This Section shall not apply to the following:
 - a. Loans made to the campaign committee of an elected Official;
 - b. Loans made by an Official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section;
 - c. Loans from a person which, in the aggregate, do not exceed Two Hundred Fifty Dollars (\$250) at any given time; or
 - d. Loans made or offered in writing, before January 1, 1998;

J. LOAN TERMS.

1. Except as set forth in subdivision (B) of this section, no Official shall, from the date of his or her election, appointment or hire through the date he or she vacates office or otherwise leaves PPH, receive a personal loan of Five Hundred Dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.
2. This Section shall not apply to the following types of loans:
 - a. Loans made to an Official's campaign committee;

- b. Loans made to the Official by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this Section; or
 - c. Loans made, or offered in writing, before January 1, 1998.
3. Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

K. PERSONAL LOANS.

1. Except as set forth in subdivision (B) of this section, a personal loan received by any Official shall become a "gift" for the purposes of this Section in the following circumstances:
 - a. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired;
 - b. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
 - (1) The date the loan was made;
 - (2) The date the last payment of One Hundred Dollars (\$100) or more was made on the loan; or
 - (3) The date upon which the debtor has made payments on the loan aggregating to less than Two Hundred Fifty Dollars (\$250) during the previous 12 months.
2. This Section shall not apply to the following types of loans:
 - a. A loan made to an Official's campaign committee;
 - b. A loan that would otherwise not be a "gift" as defined in this Title;
 - c. A loan that would otherwise be a "gift" as set forth under subdivision 1, but on which the creditor has taken reasonable action to collect the balance due;
 - d. A loan that would otherwise be a "gift" as set forth under subdivision 1, but on which the creditor, based on reasonable business considerations, has not undertaken collection action, except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations; or
 - e. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

3. Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

L. DISQUALIFICATION.

1. No Official shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any PPH and/or Board decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the Official or a member of his or her immediate family or on:
 - a. Any business entity in which the Official has, or has had within the last 12 months, a direct or indirect investment worth Two Thousand Dollars (\$2,000) or more;
 - b. Any real property in which the Official has, or has had within the last 12 months, a direct or indirect interest worth Two Thousand Dollars (\$2,000) or more;
 - c. Any source of income from a business entity or otherwise, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating Five Hundred Dollars (\$500) or more in value provided to, received by or promised to the Official within 12 months prior to the time when the decision is made;
 - d. Any business entity in which the Official is, or has been (a) a director, officer, partner, trustee, medical director, manager or administrator within the last 18 months, or (b) an employee within the last 12 months; or
 - e. Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating Three Hundred Twenty Dollars (\$340) or more provided to, received by, or promised to the Official within 12 months prior to the time when the decision is made.
2. Disqualification from participation in the making of a governmental decision shall include, without limitation: (a) the exclusion of the disqualified Official from that portion of any meeting during which discussions regarding the subject area of the conflicted issue take place; and (b) the prohibition of the Official's access to any writings, documents, statements, reports, letters, instructions, memoranda, notes, records, files, whether electronic or otherwise, or video or audio tapes pertaining to the subject area of the conflicted issue.
3. Examples of "business entities" within the scope of the prohibition described in Section 1 above include, but are not limited to:
 - a. Payors, including health maintenance organizations, that contract with the District or any affiliate (including Joint venture partners) of the District, except those payers in which the District itself has an ownership interest;
 - b. Provider organizations, including but not limited to independent practice associations, medical groups, and physician hospital organizations, that contract with or compete with the District or any affiliate (including Joint venture partners) of the District; or

- c. Any other business entities that contract or compete with the District or any affiliate (including joint venture partners) of the District.
4. Officials who have a conflict of interest based upon the terms of Section 15(A)(1) (*investment interest*), Section 15(A)(2) (*real property interest*), Section 14(A)(4)(a) (*officer, director, etc.*), and/or Section 15(E) (*litigation*) shall be disqualified from participating in any strategic planning which in any way, directly or indirectly, relates to the issue on which the Official is conflicted. As described at Section 15(A) in relation to decisions and the decision-making process, disqualification from participation in strategic planning shall include without limitation: (a) the exclusion of the Official from that portion of any meeting during which strategic planning discussions take place; and (b) the prohibition of the Official's access to any writings, documents, statements, reports, letters, instructions, memoranda, notes, records or files, whether electronic or otherwise, pertaining to strategic planning.
 5. In addition to the prohibition of Section 1 above, no Official who is also a licensed physician, nurse or other professional medical service provider shall make or participate in making any decision or participate in any discussion regarding:
 - a. Staff issues that may directly or indirectly affect the Official's financial interests, or which would otherwise create an appearance of impropriety; and/or;
 - b. Staff issues that may directly or indirectly affect the Official's financial interests, or which would otherwise create an appearance of impropriety; and/or
 6. In addition to the prohibition of Section 1 above, no Official shall make or participate in making any decision or participate in any discussion relating to a pending or threatened lawsuit, arbitration, mediation or other action against:
 - a. The District that has been filed by the Official, any member of the Official's immediate family, or any business entity' in which the Official is a director, officer, partner, trustee, employee, holds any position of management or holds or has held a business position as defined herein; or
 - b. The Official that has been filed by the District or an affiliate thereof.

M. LEGALLY REQUIRED PARTICIPATION:

1. No Official shall be prevented from making or participating in the making of any decision to the extent that his or her participation is legally required for the decision to be made. The fact that the vote of an Official who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this Section.
2. In the event that such participation of a conflicted Official is legally required, the non-conflicted Officials of the decision-making body shall select which disqualified Official(s) shall

participate in the decision-making process. Such participation shall include participation in all discussions and deliberations preceding the making of such decisions.

3. The non-conflicted Officials shall select amongst disqualified Officials by determining which of them is disqualified under the fewest categories of disqualification set forth at Section 15. The disqualified Official who is subject to the fewest categories of disqualification shall participate in the decision and the decision-making process. If the selection process results in the selection of more than the required number of Officials needed to make the decision at issue, the disqualified Official who participates in the decision and the decision-making process shall be chosen by lot from the group of selected disqualified Officials.
4. Once an otherwise disqualified Official is selected based upon the process identified above, the disqualified Official shall similarly participate in future related decisions if there is a legal requirement to include a disqualified Official in the decision and decision-making process.

N. DISTRICT CONTRACTS DISQUALIFICATION:

1. In addition to the general disqualification provisions of Section 15, no Official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the Official knows or has reason to know that any party to the contract is a person with whom the Official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:
 - a. Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or
 - b. Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value of One Thousand Dollars (\$1,000) or more.

O. MANNER OF DISQUALIFICATION:

In addition to the general disqualification provisions of Section 15, no Official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the Official knows or has reason to know that any party to the contract is a person with whom the Official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

P. ASSISTANCE OF THE COMMISSION AND COUNSEL:

Any Official who is unsure of his or her duties under this Code may request assistance from the FPPC pursuant to the PRA, or from PPH's attorney, provided that nothing in this Section requires PPH's attorney to issue any formal or informal opinion.

Q. VIOLATIONS.

This Code has the force and effect of law. Officials violating any provision of this Code are subject to the administrative, criminal and civil sanctions provided in the PRA. In addition, a decision in relation to which a violation of the disqualification provisions of this Code or of Government Code Section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code Section 91003.

R. PUBLIC OFFICIAL AUTHORITY:

Board members shall exercise authority with respect to the District and its affairs only when acting in their capacity as Board members and during Board meetings or meetings of Board-authorized committees. Notwithstanding the foregoing, (i) the President of the Board shall confer with the CEO regarding Board and committee agendas and other matters between Board meetings, and (ii) the Chairpersons of Board-authorized committees are expected to confer with the President of the Board and/or the CEO, as appropriate, regarding Board agendas and other matters which may arise outside Board meetings. Members of the Board are not authorized to independently exercise management authority with respect to the District or its affairs.

S. DESIGNATED EMPLOYEES:

The persons holding positions listed in Appendix 1 hereto are, in addition to those identified by the PRA, "designated employees" who make or participate in the making of decisions which may foreseeably have a material effect on financial interests. This Code shall also apply to Board members and other individuals specified in the PRA for purposes of determining disqualification. Disclosure obligations for such individuals are described in Section 4 below.

APPENDIX 1

Designated Employees

The designated employees listed in this Appendix shall disclose economic interests:

1. Board Members
2. CEO
3. CFO
4. Executive Management Team
5. All Directors and above

ADMINISTRATION

September 17, 2004

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

County of San Diego
Clerk of the Board of Supervisors
(COI Biennial Review)
1600 Pacific Highway, Room 402
San Diego, CA 92102-2471

Attn: Thomas J. Pastuszka
Clerk of the Board of Supervisors

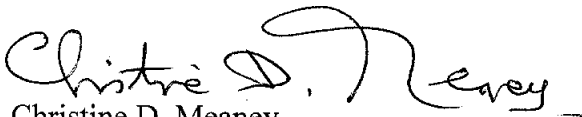
Dear Sir,

**CONFLICT OF INTEREST CODE : LOCAL GOVERNMENT AGENCY
BIENNIAL REVIEW**

In response to your memo of June 3, and follow up reminder of September 1, 2004, attached is a completed and signed 2004 Local Biennial Notice reply form for receipt in your office by October 1, 2004.

Also attached is a copy of the Ninth Amended and Restated Conflict of Interest Code of Palomar Pomerado Health, amending and restating the Eighth Amended Conflict of Interest Code, together with relevant board packet Narrative. The amendment was approved by resolution (copy also attached) at a regular meeting of the Board of Directors held September 13, 2004.

Sincerely,



Christine D. Meaney
Assistant to the Board of Directors
Palomar Pomerado Health

cc: Jim Neal
District Compliance Officer

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COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS

2004 SEP 21 PM 4: 57

THOMAS J PASTUSZKA
CLERK OF THE BOARD
OF SUPERVISORS

